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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

March 6, 2014

Certified Return Receipt
7011 2970 0001 8828 1238

Nicolas Lott
American Gilsonite Company
29950 South Bonanza Highway
Bonanza, Utah 84008

Re: Consolidation of Permits and Extension of Exploration Notices; American Gilsonite Corporation; Bonanza, ITM, and Cottonwood Mines and Willow Creek Vein and ML-849 & ML-851 Exploration Projects; M/047/0010, S/47/0035, M/047/0064, E/047/0040 and E/047/0045; Uintah County, Utah

Dear Mr. Lott:

As you may recall, the Division of Oil, Gas and Mining (Division) and American Gilsonite Corporation (AGC) recently met to discuss consolidating all AGC permits held with our agency under the existing Bonanza Notice of Intention to Commence Large Mining Operations (NOI), M/047/0010. This would incorporate the Cottonwood mine permit (formerly permitted to Lexco), M/47/0064, and two exploration permits, Willow Creek Vein, E/047/0040, and ML-849 & ML-851, E/47/0045. The goal is to document all current and future activity associated with these permits into permit M/047/0010 /47/0010

The small mine permit for the ITM mine, S/47/0035, was also discussed; it was agreed that this permit should be retired based on the fact that the area has been reclaimed and there is no outstanding surety bond associated with this permit. The Division inspected the ITM mine on November 4, 2009, and verified that the site has been reclaimed (see attached inspection report). As of the date of this letter, the Division has retired this permit. In the event AGC intends to reopen this area for mining, please amend the NOI for M/047/0010, the Bonanza operation.

AGC agreed to inventory all disturbance areas and reclaim any areas that are no longer active. An up-to-date surety bond can be calculated and a revised NOI submitted to the Division once this is complete.

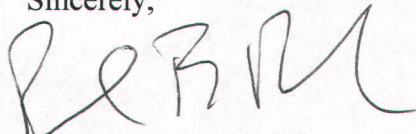
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The Division hereby directs AGC to provide the updated NOI and surety bond by November 1, 2014, as agreed upon during our February 4, 2014, meeting.

The Division approves the requests received January 29, 2014, to extend the Willow Creek Vein and ML-849 & ML-851 exploration projects until November 30, 2014, with the understanding that these permits will not be renewed the following year and any future mining or exploration activity within these areas will be incorporated into the Bonanza Project NOI.

Please contact April Abate at 801-538-5214 or me at 801-538-5261 if you have questions or concerns regarding this letter. Please continue to communicate with April Abate regarding the status of reclamation and permitting activities during the 2014 field season.

Sincerely,

A handwritten signature in dark ink, appearing to read 'P. B. Baker', written in a cursive style.

Paul B. Baker
Minerals Program Manager

PBB: lah: eb
Attachment – Insp-02032010
Cc: Vaughn Hughes, Vernal BLM (vhughes@blm.gov)
Jerry Mansfield, SITLA (jmansfield@utah.gov)
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